United Nations A/66/319

General Assembly

Distr.: General
23 August 2011

Original: English

Sixty-sixth session
Items 134 and 139 of the provisional agenda*

Proposed programme budget for the biennium 2012-2013

Human resources management

Activities of the Ethics Office

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 60/254, entitled "Review of the efficiency of the administrative and financial functioning of the United Nations" in which the Assembly requested the Secretary-General to report annually on the activities of the Ethics Office and the implementation of ethics policies. The report additionally includes information on the activities of the United Nations Ethics Committee, as mandated by the General Assembly in resolution 63/250 on human resources management.

The present report covers the period from 1 August 2010 to 31 July 2011.

* A/66/150.

11-47959 (E) 140911

Please recycle

Contents

		Page
I.	Introduction	3
II.	Background and general information	3
III.	Activities of the Ethics Office	6
	A. Financial disclosure programme	6
	B. Protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations	10
	C. Outreach, training and education	12
	D. Advice and guidance	14
	E. Standard-setting and policy support	17
IV.	United Nations Ethics Committee and Ethics Network	18
V.	Proposed future arrangements for the financial disclosure programme	19
	A. Review function	20
	B. The information technology platform	21
VI.	Resource requirements for a new information technology platform	22
VII.	Conclusions and recommendations	22

I. Introduction

1. The present report, the sixth since the establishment of the United Nations Ethics Office in January 2006, is submitted pursuant to General Assembly resolution 60/254, paragraph 16 (i), by which the Assembly requested annual reporting on the activities of the Ethics Office and the implementation of ethics policies.

2. In accordance with the mandate of the Ethics Office to promote the highest standards of integrity and to foster a culture of ethics, transparency and accountability within the Organization, the present report provides an overview and assessment of the work and achievements of the Ethics Office in relation to its areas of responsibility over the reporting period. The present report addresses the longer term strategic focus of the Office in respect to current activities and implementation of ethics policy.

3. The present report is also submitted pursuant to General Assembly resolution 63/250, by which the Assembly requested the Secretary-General to include in his report on the activities the Ethics Office information on the activities of the United Nations Ethics Committee.

4. The present report also sets out the proposal of the Secretary-General regarding future arrangements for the financial disclosure programme in response to the request of the General Assembly as contained in paragraph 1 of resolution 62/236. In that resolution, the General Assembly endorsed a recommendation by the Advisory Committee on Administrative and Budgetary Questions (A/62/7, para. I.17) that the Secretary-General conduct an in-depth analysis of the relative advantages and disadvantages, including costs, of conducting the review services required under the financial disclosure programme in-house, as compared to the current outsourcing arrangements. The details of the analysis and the associated proposal of the Secretary-General are presented in section V of the present report.

II. Background and general information

5. The Ethics Office was established as an independent office within the Secretariat upon the approval of the General Assembly at the 2005 World Summit (see General Assembly resolution 60/1, para. 161 (d)) and commenced operation on 3 January 2006. Pursuant to the Secretary-General's bulletins ST/SGB/2005/22 and ST/SGB/2007/11, the main responsibilities of the Office include the following:

(a) Administering the financial disclosure programme of the Organization;

(b) Undertaking the responsibilities assigned to it under the United Nations policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations;

(c) Developing standards, training and education on ethics issues, in coordination with the Office of Human Resources Management and other offices as appropriate, and conducting ethics outreach;

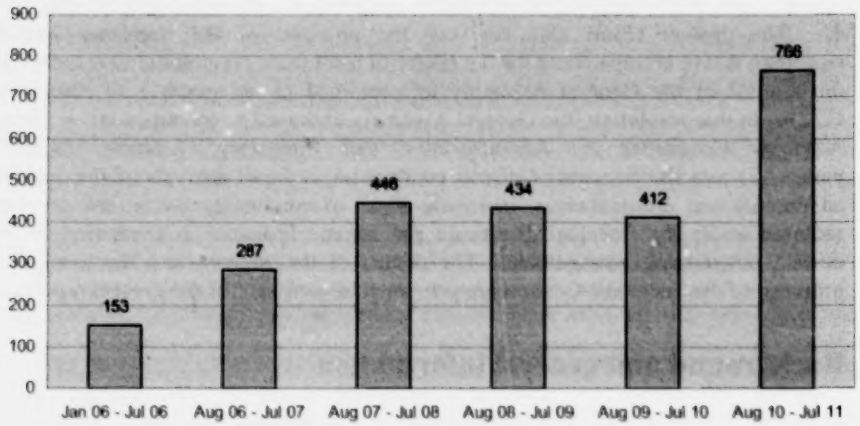
(d) Providing confidential advice and guidance to staff on ethical issues (e.g., conflicts of interest), including administering an ethics helpline;

(e) Supporting ethics standard-setting and policy coherence.

6. In accordance with its core mandates, the Ethics Office assists the Secretary-General in ensuring that all staff conduct themselves with integrity and professionalism and uphold the Charter of the United Nations. The Office seeks to nurture and sustain an organizational culture committed to ethics and accountability in order to enhance the credibility and effectiveness of the United Nations.

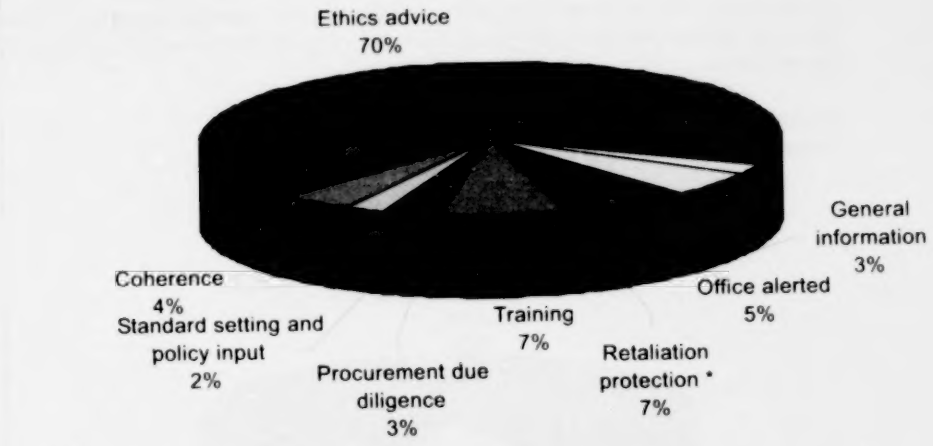
7. Reflecting its role as a consultative, impartial and service-oriented resource within the Organization, in the period from 1 August 2010 to 31 July 2011, the Ethics Office received a total of 766 requests for its services. Pursuant to the efforts of the Office over the reporting period to raise further awareness of its services amongst staff members, this figure represents a 78 per cent increase in the number of requests received by the Office when compared to the average for the preceding three reporting periods. Figure 1 provides a comparison of the volume of requests by reporting cycle for the period from 2006 to 2011.

Figure 1
Volume of requests by reporting cycle, January 2006-July 2011



8. In line with the comprehensive ethics coverage of the Ethics Office, requests received during the reporting period continued to cover a broad range of ethics issues including, inter alia, permissibility of outside activities, gift acceptance, involvement in political activity, policy advice, support for standard-setting and protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. Figure 2 below provides a breakdown of requests by category.

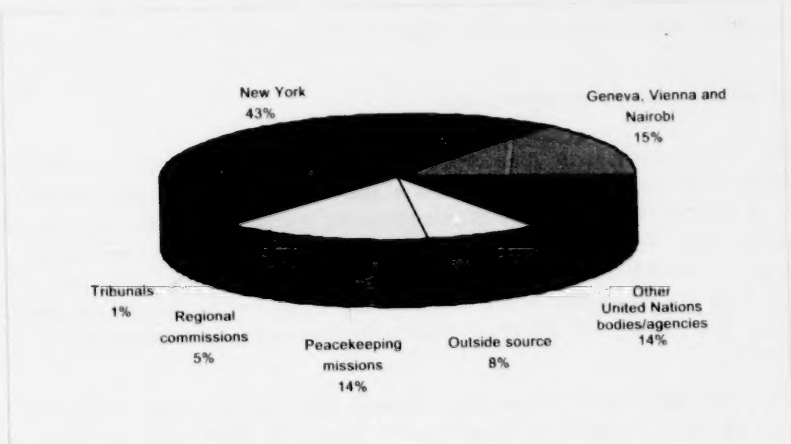
Figure 2
Volume of requests by category, 1 August 2010-31 July 2011



* Data includes Ethics Committee case review requests

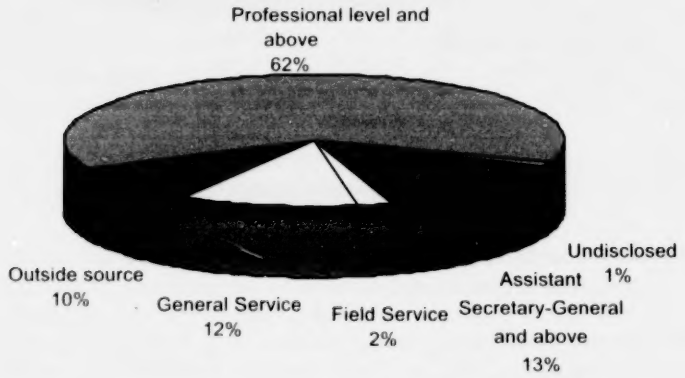
9. As illustrated in figure 3, the Ethics Office continued to receive requests for its services from various organizational sources across geographical locations. While the majority of requests continued to emanate from offices and personnel based in New York (43 per cent), the reporting period saw a 9 per cent increase in the percentage of requests coming from outside Headquarters, notably from peacekeeping missions and the United Nations Offices at Geneva, Vienna and Nairobi. The increase in requests for services from United Nations locations outside New York can be attributed to the organizational outreach initiatives undertaken by the Office in 2010-2011, as discussed in section III of the present report.

Figure 3
Volume of requests by source, 1 August 2010-31 July 2011



10. Pursuant to its commitment to provide comprehensive advisory and support services to all levels of staff, the Ethics Office continued to deliver services to staff and management of differing grades across the Secretariat, as demonstrated in figure 4 below. As with the last reporting cycle, a considerable percentage of requests (13 per cent) were received from senior managers at the Assistant Secretary-General level and above, indicating the perceived value of the Office at senior levels of the Organization.

Figure 4
Volume of requests by grade, 1 August 2010-31 July 2011



III. Activities of the Ethics Office

11. During the reporting period the Ethics Office attained significant achievements within each of its core mandates. Collectively, these activities support the strategic objective of promoting an ethical organizational culture in order to enhance organizational integrity, accountability, efficiency and productivity.

A. Financial disclosure programme

12. The Ethics Office is mandated to administer the financial disclosure programme of the Organization as a means of identifying, managing and mitigating conflict of interest risks in pursuit of strengthening public trust in the integrity of the Organization. Pursuant to the Secretary-General's bulletin ST/SGB/2006/6, designated staff members, including all staff at the D-1 or L-6 level and above and those involved in procurement and investment, are obliged to file annual disclosure statements. The review of financial disclosure statements is outsourced to an external party.

13. The 2010 filing cycle, beginning 1 March 2010 and covering the financial disclosure reporting period of 1 January to 31 December 2009, required financial

disclosure filing on the part of 4,065 staff members. Of this number, 1,244 were new entrants to the programme. A total of 99.2 per cent of the participants (or 4,031 staff members) complied with their filing obligations.

14. In 2010, the Ethics Office implemented additional procedures to support compliance with programme requirements. It provided enhanced technical support to staff experiencing technical filing issues and responded to individual participant queries within a 48-hour window. Staff members who failed to adhere to their disclosure obligations, subsequent to the Ethics Office providing support, were referred on a monthly basis to their departmental focal points and heads of departments for internal follow-up. Enhanced efforts were also undertaken by the external reviewer of the programme in following up with concerned staff, before non-compliance cases were referred back to the Ethics Office.

15. To manage organizational risk, financial disclosure statements are assessed for conflict of interest. Experience reveals that a considerable amount of disclosed information requires follow-up research and clarification. During the 2010 filing cycle, the external reviewers of the programme identified 102 participants (2.5 per cent of the filing population) as having a total of 150 potential conflicts of interest requiring resolution. Of the 150 conflicts so identified, 58 related to financial holdings, 50 to outside activities and 42 to family relationships. The reviewers, in consultation with the Ethics Office, issued recommendations regarding actions to be taken in order to remedy these potential conflicts. The table below provides a breakdown of the remedial actions taken for these cases. It should be noted that no further action was required for 34 of these cases for a variety of reasons, chief of which was that the item no longer presented a potential conflict of interest.

Remediation of conflict of interest cases in the 2010 financial disclosure programme

	Number of cases	*No further action*	*Obtain approval*	*Recusal*	*Managed account*	*Other*
Financial Interests	58	12		34	8	4
Outside activities	50	16	29			5
Family relationships	42	6		32		4
Total	**150**	**34**	**29**	**66**	**8**	**13**

16. The process of reviewing financial disclosure statements additionally consists of a verification process. The verification procedure requires that selected participants provide third-party documentation to ensure the completeness and accuracy of information disclosed in their statements. For the 2010 filing cycle, a total of 191 participants were selected on the basis of a stratified random sample across different agencies, grades, departments and duty stations to participate in the verification process. In addition to the participants selected at random, those participants from the 2009 filing cycle who did not provide complete third-party documentation were reselected for the 2010 verification process.

17. By the close of the 2010 filing cycle, a total of 34 participants had failed to comply with their obligations under the programme. Of these, 12 are staff members from participating United Nations entities other than the Secretariat. The remaining

22 staff members were referred to the Office of Human Resources Management for appropriate action. Those cases are currently under review.

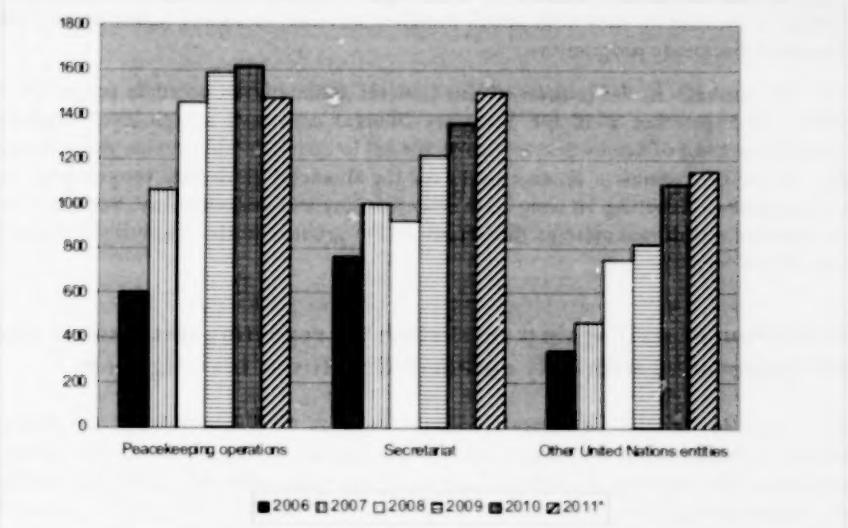
18. The Ethics Office observes that staff members who failed to comply with the 2009 programme cycle largely attributed this to their perception that they were not required to participate in the financial disclosure programme. To address this issue, the Office has increased its training and outreach efforts for the 2011 filing cycle. Notably, in March 2011, the Office organized town hall meetings directed at sensitizing staff members to their filing obligations and held training sessions for financial disclosure programme focal points in order to facilitate the provision of enhanced guidance within their relevant departments to staff members filing statements. Ethics Office personnel, including the Director of the Ethics Office, provided guidance on programme issues to field-based staff and management in the course of the outreach initiatives to peacekeeping missions undertaken by the Office in 2011 (see section C below).

19. In its resolution 63/250, the General Assembly endorsed a recommendation by the Advisory Committee on Administrative and Budgetary Questions that in future reports on the activities of the Ethics Office the Secretary-General provide data, by duty station, on the number of individuals covered by the programme; the number of individuals who have complied with their filing obligations; the number of individuals who have failed to comply with those obligations; and the reasons for their failure to comply. Information concerning the 2010 financial disclosure programme by department/office within the United Nations Secretariat may be found in the annex to the present report.

20. The United Nations voluntary public disclosure initiative continued during the 2010 filing cycle with noticeable improvements. A total of 111 senior United Nations officials at the Assistant Secretary-General level and above participated in the initiative, representing an 81 per cent participation rate. Of those participants, 80 officials (or 72 per cent) opted to make a full public disclosure of their assets and interests, demonstrating their commitment to transparency and their recognition of the need to assure the general public and Member States that in the discharge of their official duties they were not influenced by personal considerations. The voluntary public disclosures in 2010 of the Under-Secretaries-General and Assistant Secretaries-General have been posted on the website of the Secretary-General.

21. Regarding the 2011 filing cycle which commenced on 1 March 2011, a total of 4,113 staff members were enrolled as of 30 June 2011. Figure 5 below provides a comparison of the participation levels between the various annual filing cycles of the financial disclosure programme, including a breakdown by organizational grouping.

Figure 5
Financial disclosure participation by entity and filing year, 2006-2011



	Peacekeeping operations	*Secretariat*	*Other United Nations entities*	***Total by year***
2006	603	762	339	**1 704**
2007	1 062	997	469	**2 528**
2008	1 449	919	750	**3 118**
2009	1 584	1 212	822	**3 618**
2010	1 700	1 253	1 112	**4 065**
2011*	1 473	1 493	1 147	**4 113**

* As at 30 June 2011.

22. While the financial disclosure programme is primarily targeted at the Secretariat, other United Nations entities[1] also participate in the programme on a cost-sharing basis. The participation of other United Nations entities in the programme enables a coherent approach in implementing financial disclosure

[1] The following United Nations entities currently participate in this programme: the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the United Nations Institute for Disarmament Research, the United Nations Interregional Crime and Justice Research Institute, the Joint United Nations Programme on HIV/AIDS, the United Nations Convention to Combat Desertification, the Office of the United Nations High Commissioner for Refugees, the United Nations Compensation Commission, the United Nations Framework Convention on Climate Change, the United Nations Institute for Training and Research, the United Nations University and the United Nations Entity for Gender Equality and the Empowerment of Women.

policies and assists these entities in managing conflict of interest risks. In respect to the 2011 filing cycle, the newly established United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has requested the Ethics Office to provide its staff with ethics function services, including administering the financial disclosure programme.

23. In response to the request of the General Assembly as noted in paragraph 4 above, in September 2010 the Secretary-General convened a high-level advisory group consisting of senior Secretariat personnel to consider and provide guidance on the review of alternative arrangements for the financial disclosure programme, for the purpose of ensuring its long-term effectiveness and sustainability. Section V of the present report summarizes the report of the group and the Secretary-General's associated proposal.

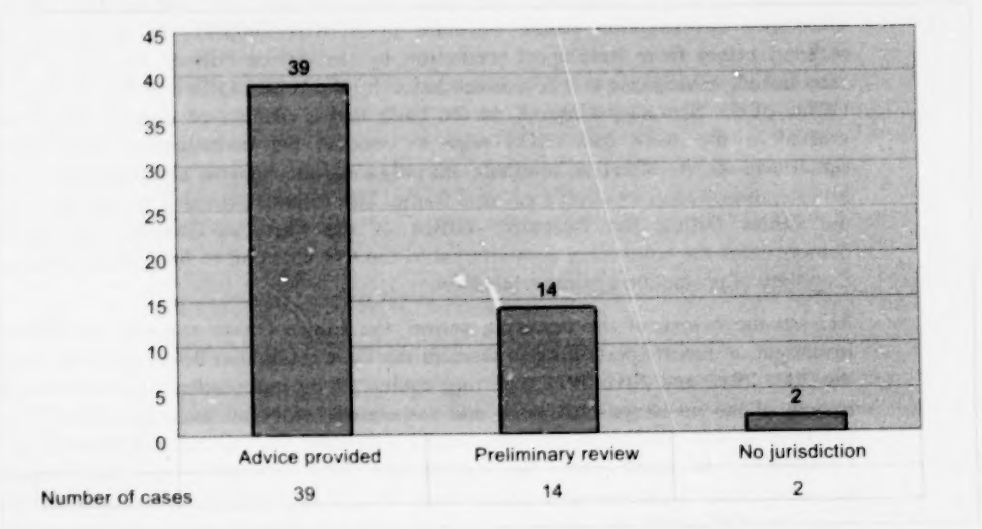
B. Protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations

24. Pursuant to the Secretary-General's bulletin ST/SGB/2005/21, the Ethics Office is mandated to implement the United Nations policy on protection against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations. In accordance with ST/SGB/2005/21, the Office receives complaints of retaliation and conducts preliminary reviews to determine whether a complainant engaged in a protected activity and if so, whether the protected activity was a contributing factor to the alleged retaliation. In the event that the Office determines a prima facie case of retaliation on the basis of its preliminary review, the matter is referred to the Office of Internal Oversight Services (OIOS), or an alternate investigating mechanism if required, for formal investigation.

25. Pending the completion of a referred investigation, the Ethics Office may recommend to the Secretary-General that interim protection measures be implemented to safeguard the interests of the complainant. The Office will make a final determination subsequent to receipt and assessment of the completed investigation report and evidential materials.

26. From 1 August 2010 to 31 July 2011, the Ethics Office received 55 requests related to protection against retaliation. This represents a 56 per cent increase compared to the previous reporting cycle, when 36 requests were received. As reflected in figure 6 below, preliminary review assessments were deemed to be warranted in relation to 14 of the 55 requests. Of these, the Office concluded its review of 11 cases, with 1 of the cases referred for investigation subsequent to a prima facie finding of retaliation by the Office. While it was determined that there was no prima facie case of retaliation in 9 of the remaining 10 cases, the request for protection in the tenth case was withdrawn by the complainant. The preliminary review process remains underway in regard to the remaining 3 cases.

Figure 6
Actions taken on requests for protection, 1 August 2010-31 July 2011



27. Concerning the 41 requests deemed not to warrant preliminary review assessments, while it was determined that 2 of them fell outside the scope of the mandate, the remaining 39 requests involved the provision of advice and guidance on the scope and applicability of the United Nations policy of protection against retaliation. Staff members were also directed to other relevant bodies including, inter alia, the Office of the Ombudsman and Mediation Services, the Office of Staff Legal Assistance and the management evaluation unit and the performance management team of the Office of Human Resources Management.

28. During the reporting period, the Ethics Office additionally completed preliminary reviews of nine cases from the 2009-2010 reporting cycle. The Office determined prima facie cases of retaliation for two of these cases and subsequently referred them for investigation. No prima facie cases of retaliation were found for the remaining seven cases. The completion of these cases from the 2009-2010 reporting cycle has left the Office without a case backlog for the first time since its initial year of operation and bears out its renewed commitment to addressing all requests regarding protection against retaliation in a timely and efficient manner.

29. During the reporting period, the Ethics Office facilitated interim protection measures for two retaliation complainants subsequent to separate prima facie retaliation determinations made by the Office in the 2009-2010 and 2010-2011 reporting cycles. While one case involved the transfer of the staff member to another United Nations office at an alternate work location, the other involved the reassignment of the complainant within their home office. The capacity to offer interim protection measures constitutes an essential element for safeguarding retaliation complainants and encourages staff to report misconduct on the basis that protection will be forthcoming. The Office will continue to recommend interim

protection measures where required, in order to further the effectiveness and integrity of the United Nations policy of protection against retaliation.

30. The 2010-2011 reporting cycle also involved the first establishment of an alternative investigation panel, pursuant to ST/SGB/2005/21, to investigate a referred prima facie finding of retaliation by the Ethics Office. The panel was established, subsequent to a recommendation by the Ethics Office to the Executive Office of the Secretary-General, on the basis that a conflict of interest would be created in the event that OIOS were to conduct the investigation. The panel functioned as an effective alternate investigating mechanism and completed its investigation within its stipulated time frame. The support provided to the panel by the Ethics Office, the Executive Office of the Secretary-General and OIOS demonstrates the continuing commitment of the Organization to fully implementing its policy of protection against retaliation.

31. In the course of the reporting period, the Ethics Office received completed investigation reports pertaining to three prima facie retaliation determinations from the 2009-2010 and 2010-2011 reporting cycles. Upon independent assessment and review of the investigation reports and associated evidential materials, the Office determined that retaliation had not been established for two of the three cases. Concerning the third case, the Office did find retaliation and has issued recommendations pertaining to disciplinary actions and corrective measures to the Executive Office of the Secretary-General and the Department of Management, pursuant to ST/SGB/2005/21. In pursuit of establishing transparent and structured case review practices, the Office has additionally developed standard operating procedures for the acceptance and review of retaliation complaints, as well as for the review and assessment of investigation reports received.

32. The effective implementation of the policy of protection against retaliation remains an essential cornerstone in promoting an organizational culture that encourages staff to speak out against behaviour that places the reputation and standing of the Organization at risk. In addition to the thorough and timely review of retaliation complaint cases received, the Office will continue to articulate the purpose, scope and availability of the policy to staff. The Office considers the raising of awareness of the policy as one means to prevent retaliation from occurring.

C. Outreach, training and education

33. During the reporting period the Ethics Office intensified its efforts to engage with staff based outside New York. The Office views outreach initiatives as a crucial means to broaden awareness of its services and to listen directly to the ethics-related concerns of staff based in field locations. The Office regards staff engagement as a central component in strengthening and consolidating an ethical culture across the Organization.

34. From February to May 2011 the Director of the Ethics Office, with the support of Ethics Office personnel, conducted field visits to the United Nations Interim Force in Lebanon (UNIFIL), the United Nations Economic and Social Commission for Western Asia, the United Nations Disengagement Observer Force, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the United Nations Office at Geneva, the United Nations Mission in

Liberia (UNMIL) and the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo. In total, face-to-face meetings were conducted with over 900 staff members.

35. The outreach missions of the Ethics Office have enabled it to engage in candid discussions with staff and management on a wide range of ethical issues and have enhanced awareness of its role and mandate. In pursuit of strengthened system-wide efficiency, the missions have also enabled enhanced contact with regional offices, such as those of the Ombudsman and Mediation Services and conduct and discipline teams that may engage in case referrals with the Office. The Office will continue to conduct field-focused outreach missions in order to enhance its understanding of field-based ethical risks and to determine the specific communication and education needs of field-based staff.

36. Given the importance of training in supporting ethical awareness and empowering staff to exercise ethical judgement and take ethical decisions, during the reporting period the Ethics Office facilitated and provided ethics training. Pursuant to its mandated role to develop "standards, training and education on ethics issues" and ensure "annual ethics training for all staff" (ST/SGB/2005/22), the Office organized, in collaboration with the Office of Human Resources Management, ethics learning activities for staff members across the Secretariat. Efforts focused on the design, adaptation and delivery of general and customized workshops and modules in online and face-to-face formats.

37. Online ethics training continued to be provided via the mandatory online learning programme "Integrity Awareness Initiative" (ST/SGB/2005/17), which is directed at staff members at all levels and focuses on the core values and standards of integrity to be observed within the workplace. Since the launch of the programme in 2005, over 45,200 persons have completed the training, including 11,600 during the current reporting period.

38. Delivery of the general workshop "Professional ethics and integrity in our daily work" continued in New York and at other duty stations throughout 2010 and 2011. Since the launch of the workshop in 2006, almost 14,000 staff members system-wide have participated in these workshops. In the current reporting year, over 1,000 staff members system-wide were accommodated at approximately 100 workshop sessions. In response to specific office requests, workshop sessions were specially arranged or integrated into broader training programmes for field-based staff members within UNIFIL, UNMIL, the United Nations Framework Convention on Climate Change, the United Nations Truce Supervision Organization and the United Nations Environment Programme (in Bonn, Paris and Geneva). In early 2011, the Ethics Office, in cooperation with the Office of Human Resources Management and the external providers of the training programme, reviewed, updated and supplemented the content of the workshop, in accordance with evolving needs and priorities.

39. Building upon successful collaborative efforts between the Ethics Office, the Office of Human Resources Management and the Procurement Division, in 2010 an online training module entitled "Ethics and integrity in procurement" was launched on the Procurement Division training campus website. During the reporting period 268 persons completed the programme, which is mandatory for Procurement Division staff members and recommended for other staff categories with functions and responsibilities related to procurement.

40. In July 2011 the Director of the Ethics Office additionally provided ethics presentations at the United Nations System Staff College in Turin and for the Department of Peacekeeping Operations/Department of Field Support Senior Mission Administration and Resource Training Programme for mid-level managers.

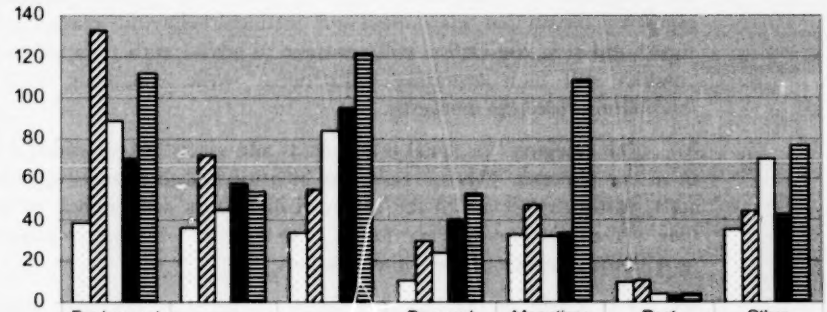
41. Promotion of an ethical culture is significantly furthered through the visible adherence by senior leadership to ethical values and behaviour in the workplace. The Ethics Office has developed a briefing package on ethics for all incoming senior managers at the Assistant Secretary-General and Under-Secretary-General levels. The briefing materials are tailored to their respective roles and responsibilities, addressing ethical considerations pertaining to, inter alia, response to reports of misconduct, avoiding conflicts of interest and ensuring transparency in recruitment practices and performance evaluations.

D. Advice and guidance

42. The Ethics Office views its advisory function as a key element in its efforts to protect and support the reputation and standing of the Organization. Pursuant to its advisory mandate, the Office provides confidential ethics advice and guidance to staff, management and departments/offices in order to ensure decision-making that is consistent with the values, principles and rules of the Organization. This function serves to prevent, mitigate and resolve actual or perceived conflicts of interest and in doing so enhances the integrity of the Organization and its staff.

43. Demonstrating the significance of its advisory function, 70 per cent of all requests for Ethics Office services during the reporting period pertained to ethics advice, as depicted in figure 2 above (volume of requests by category). During the period under review, the Office received 531 requests for advice on a wide range of ethics-related concerns, representing a 72 per cent increase in demand from the previous reporting period. As illustrated in figure 7 below, requests for advice are classified as follows: outside activities (23 per cent); allegations of misconduct (21 per cent); other conflicts of interest (15 per cent); personal investments and assets (10 per cent); employment-related concerns (21 per cent); gifts and hospitality (10 per cent); and post-employment restrictions (1 per cent).

Figure 7
Requests for ethics advice by cycle, August 2010-July 2011



	Employment related concerns	Gifts & Hospitality	Outside Activities	Personal Investments & Assets	Allegations of wrongdoing	Post Employment Restrictions	Other Conflict of Interest
Aug 2006 - July 2007	38	36	34	10	33	9	35
Aug 2007 - July 2008	133	72	55	30	48	10	44
Aug 2008 - July 2009	88	45	84	24	32	4	70
Aug 2009 - July 2010	70	58	95	40	34	3	42
Aug 2010 - July 2011	112	54	122	53	109	4	77

44. The increased demand for advisory services may again be attributed to the outreach activities undertaken by the Ethics Office in the course of the reporting period. During 2010-2011, the Office conducted nearly 54 ethics presentations, as compared to 8 during the 2009-2010 reporting period. These presentations were distinct from workshop training and related, inter alia, to the work of the Ethics Office, the new gift policy of the Organization, outside activities and ethics and accountability. These presentations were given to various United Nations offices, including specialized groups such as senior mission leadership and the Investment Management Division of the United Nations Joint Staff Pension Fund. The increased demand for the services of the Office attests to both the value that staff and managers attach to having a confidential mechanism through which to address their ethical concerns and to the quality of the advice given.

45. The ethics advice and guidance provided by the Ethics Office during the reporting period involved clarification or interpretation of the regulations, rules and standards of the Organization concerning prohibited or restricted activities and the application of an ethical decision-making framework to ethical dilemmas. Through inter-agency consultation and coordination with offices such as the Office of Legal Affairs, the Office of Human Resources Management and the Procurement Division, the Office has sought to ensure consistent approaches in relation to the interpretation and implementation of organizational standards.

46. Concerning the increase in requests for ethics advice in the 2010-2011 reporting cycle, the largest increase occurred under the category "allegations of misconduct", which experienced a significant rise from 34 to 109 allegations (a 220 per cent increase). While the Ethics Office is not mandated to receive reports of

misconduct, it advises on the standards of conduct of the Organization and directs staff to relevant reporting mechanisms. The increase in allegations of misconduct made to the Office nonetheless suggests that staff members are more cognizant of the standards of acceptable behaviour and have greater confidence in internal reporting. Given that misconduct and unethical behaviour place the Organization at significant risk, the Office will continue to advise staff on applicable standards of conduct and their reporting obligations, while enhancing staff awareness of retaliation protection measures.

47. The category "personal investments and assets" experienced a 33 per cent rise in advice requests. This increase may be attributed to a growing awareness amongst staff, partly as a result of the financial disclosure programme, of the potential for their private investments and holdings to conflict with their professional functions, or with the interests of the United Nations.

48. It is worth noting that the nearly 10 per cent decrease under the category "gifts, honours, favours" may be directly attributable to the new administrative instruction, ST/AI/2010/1 on reporting, retaining and disposing of honours, decorations, favours, gifts or remuneration from governmental and non-governmental sources, issued in January 2010. The issuance of this new policy created a mechanism for both staff and management to dispose of gifts in accordance with staff regulations and rules, and has subsequently reduced the number of requests for guidance made to the Ethics Office.

49. Significantly, the number of requests from peacekeeping missions for ethics advice and guidance has increased from 53 to 135, a rise of 155 per cent. This increase is directly related to the efforts undertaken by the Ethics Office during the reporting period to reach out to field missions. These visits have again greatly enhanced the ability of the Office to engage directly with staff members and to ensure greater awareness of its services.

50. As regards the trust placed in the Ethics Office by staff, during the reporting period the Office received 38 notification enquiries wherein further action on the part of the Office was not requested or required. These staff contacts with the Office were conducted solely for oversight purposes, such as copying the Office on official complaints of misconduct, or placing individual workplace issues on confidential record with the Office. Receipt and secure retention of this information by the Office has allowed staff members who do not wish to pursue either informal or formal actions to nonetheless voice their concerns with an independent and impartial body within the Organization.

51. In addition to the advice and guidance provided to Secretariat staff, during the reporting period the Ethics Office responded to enquiries from other United Nations entities on information sharing, best practices, policies and ethics advice and guidance. These included the United Nations University, the Office of the United Nations High Commissioner for Refugees (UNHCR), the Office of the United Nations High Commissioner for Human Rights, the World Food Programme (WFP), UNRWA, the United Nations Framework Convention on Climate Change, the United Nations Convention to Combat Desertification, the World Intellectual Property Organization, the Universal Postal Union, the United Nations Development Programme (UNDP), the United Nations Office for Project Services (UNOPS), the Food and Agriculture Organization of the United Nations, UN-Women, the United Nations Children's Fund (UNICEF), the International Labour Organization, the

United Nations Educational, Scientific and Cultural Organization, the United Nations Joint Staff Pension Fund, the United Nations Research Institute for Social Development, the Joint United Nations Programme on HIV/AIDS, the Joint Inspection Unit, the International Monetary Fund and the World Bank.

E. Standard-setting and policy support

52. Developing ethical standards across the Organization remains a key function of the Ethics Office, as stipulated in bulletin ST/SGB/2005/22 on the establishment of the Office.

53. During the reporting period, the Ethics Office, along with the Office of Human Resources Management and the Office of Legal Affairs, participated in a review of the standards of conduct for the international civil service and suggested coverage of emerging and critical ethical challenges faced by the Organization and its personnel. In May 2011, the Office contributed to the deliberations of the Technical Working Group of the International Civil Service Commission as it conducted a preliminary review of the standards of conduct.

54. In pursuit of securing the highest standards and consistent application of ethics within the Organization, the Ethics Office worked closely with the United Nations Ethics Committee, the Office of Human Resources Management and the Office of Legal Affairs in issuing a common guidance note on political activity to United Nations staff. This collaboration addressed the scope of permitted political activities on the part of staff in light of their obligations as international civil servants.

55. The Ethics Office also collaborated during the reporting period with the Office of Human Resources Management in the preparation of the report of the Secretary-General on personal conflicts of interest, as requested by General Assembly resolution 65/247. The Office provided practical analysis and assessment of personal conflicts of interest that may arise in the performance of official duties and responsibilities by staff members.

56. During the reporting period, the Ethics Office assisted the Investment Management Service of the United Nations Joint Staff Pension Fund in the updating of their gift and hospitality policy in accordance with United Nations and industry standards. The Office additionally advised UNHCR on harmonizing their internal gift policy with administrative instruction ST/AI/2010/1.

57. In 2011, the Ethics Office briefed a conference of Chief Procurement Officers of the United Nations Secretariat on ethical and reputational risks and challenges pertaining to procurement activities. The interactive discussion was valued by the Procurement Division as a means to enhance understanding of applicable ethical standards within their field of work.

58. The Ethics Office additionally provided, on a case-by-case basis, independent advice to the Procurement Division on issues related to the ethics, anti-corruption and compliance programmes of vendors seeking reinstatement as United Nations vendors. The Office provided independent advice to the Procurement Division on the suitability of external ethics and compliance experts proposed by vendors, who would verify that the vendor had implemented ethics, anti-corruption and compliance programmes that satisfied United Nations conditions for reinstatement. The Office responded to requests for advice from the Procurement Division on

potential ethical issues relating to reputation risks arising in connection with potential conflicts of interest.

59. The Ethics Office continued to provide functional leadership to the United Nations Ethics Committee through the role of its Director as the Chair of the Committee. The work of the Ethics Committee is addressed below in section IV of the present report.

IV. United Nations Ethics Committee and Ethics Network

60. The United Nations Ethics Committee was established by the Secretary-General in bulletin ST/SGB/2007/11, which entered into force on 1 December 2007. The Committee is mandated to establish a unified set of ethical standards and policies of the United Nations Secretariat and of the separately administered organs and programmes, and to consult on certain important and particularly complex cases and issues having United Nations system-wide implications.

61. The membership of the United Nations Ethics Committee is comprised of the heads of the Ethics Offices of the separately administered organs and programmes of the United Nations and the Ethics Office of the United Nations Secretariat. As of 31 July 2011, the Committee consisted of the following members: the Ethics Office of the United Nations Secretariat, UNDP, UNICEF, the United Nations Population Fund, UNOPS, WFP, UNRWA and UNHCR. UN-Women has requested the Ethics Office to provide ethics services, in accordance with section 2.2 of bulletin ST/SGB/2007/11, until an ethics office is established within that entity.

62. The Director of the Ethics Office of the United Nations chairs and provides leadership to the Committee to promote capacity-building and ensure adherence to consistent methodology in the delivery of ethics-related services.

63. During the period from 1 August 2010 to 31 July 2011, the Committee held eight sessions. The key priorities of the Committee are to enhance a coherent application of ethics standards and practices among member organizations and to address emerging ethics challenges facing the Organization.

64. In an effort to harmonize policies in relation to financial disclosure, the Ethics Committee conducted a survey of internal financial disclosure policies and programme practices. The Committee conducted an assessment of risk profiles within member organizations. The Committee further developed a comparative review of successful practices with regard to external financial disclosure programmes in different countries and international institutions.

65. As referenced in paragraphs 53 and 54 above, Ethics Committee members developed a common approach and guidance note on political activity applicable to United Nations personnel, including those working in the Secretariat, funds and programmes and field missions. The Committee also examined emerging ethical challenges for consideration in relation to the review of the standards of conduct for the international civil service.

66. During the reporting period, two individuals from a separately administered programme referred decisions concerning their allegations of retaliation for reporting misconduct to the Chair of the Committee for review, pursuant to section

4.3 of bulletin ST/SGB/2007/11. Following consultations with the members of the Committee, the Chair upheld the final determinations for both cases.

67. As mandated by the Secretary-General in bulletin ST/SGB/2007/11, the Ethics Committee undertook a review of the annual reports of the ethics offices of the Secretariat and the separately administered organs and programmes and made recommendations as appropriate. The Committee additionally initiated discussions on establishing a common framework and coherent approach to the annual reporting of member ethics offices.

Ethics Network for multilateral organizations

68. In support of the Secretary-General's consistent promotion of system-wide collaboration on ethics-related issues within the United Nations family, the Ethics Network was established on 21 June 2010. Members of the Network include ethics officers and related professionals from the United Nations Secretariat, United Nations funds, programmes and specialized agencies, international financial institutions and other entities. Having held three meetings since its establishment, two of which occurred during the reporting period, the Network has focused its collaborative efforts on the development of a compendium of practices in relation to the functions of an ethics office and on the exchange of experience and materials in the areas of surveys, ethics training, financial disclosure and ethics advisory services. The Director of the United Nations Ethics Office served as the Co-chair of the Network during its first year of operation.

V. Proposed future arrangements for the financial disclosure programme

69. As noted in paragraph 12 above, while the Ethics Office administers the Secretariat financial disclosure programme pursuant to General Assembly resolution 60/254, the review of financial disclosure statements is outsourced to an external party. Administration of the programme application system (information technology platform) is also outsourced to a vendor, with additional technical support provided by the Office of Information and Communication Technology.

70. During the course of 2009-2010, an analysis of the financial disclosure programme was conducted both within the United Nations and via a commissioned third-party study. While the external study identified a range of technical alternatives for programme sustainability, it was not designed to make recommendations as to which option should be selected. The Secretary-General subsequently convened a high-level advisory group in September 2010 consisting of senior personnel from various offices/departments within the Secretariat to provide advice and guidance on the approach to reviewing alternative arrangements for the programme.

71. The advisory group reviewed the current arrangements for the programme, the alternatives presented in the external study, the practical experience of the Ethics Office in administering the programme since 2006, the experience of United Nations funds and programmes in running their own financial disclosure programmes and

other possible alternatives. The relative advantages and disadvantages of each alternative and the estimated costs to the Organization were also considered.

72. In its review, the advisory group addressed how financial disclosure statements are reviewed (the review function) and the application system upon which the programme rests (the information technology platform). With regard to the review function, the following three alternative approaches were identified: an external review, an internal review and a hybrid review. Concerning the information technology platform, the following three possible arrangements were identified: create a new platform, enhance the present platform with medium-level upgrades or maintain the present platform with minimum-level upgrades.

A. Review function

73. The review function of the financial disclosure programme involves the review of all required financial disclosure areas (e.g. assets, profits, stocks and options, external income earned, direct or indirect supplements, liabilities and outside activities) in order to determine if an actual or potential conflict of interest exists in relation to the performance of a staff member's official duties and functions. The respective advantages and disadvantages of the individual review function alternatives are summarized as follows.

74. Under the external review option, review of financial disclosure statements is conducted by an external reviewer, as in the current outsourcing arrangement. Upon identification of a potential conflict of interest, the external reviewer provides advice to the staff member filing the statement to mitigate and manage the conflict of interest, while seeking regular guidance and feedback from the Ethics Office. This option benefits from the incorporation of industry best practices, knowledge of complex financial arrangements and ability to mobilize seasonal staffing during peak filing periods by the external reviewers. It also allows for staff members' disclosed information to be reviewed by an entity outside the United Nations, which further bolsters the protection of the confidentiality of such information. However, this option suffers from the lack of familiarity of the external reviewer with United Nations Staff Regulations and Rules and the operating environment. In addition, the reliance of the Organization on an external review service does not facilitate long-term institutional capacity-building.

75. Under the internal review option, the Ethics Office would conduct the entire review of all disclosed information in-house. This option would benefit from the internal, in-depth knowledge of the United Nations operational and regulatory environment that the Office possesses and its ability to fully understand and detect potential conflicts of interest in the context of the official duties of a staff member filing a statement and the legislative framework of the Organization. An internal review would further add value to institutional capacity-building for risk management. Ethics Office reviewers may not, however, possess the expertise to analyse complex financial or investment matters. Further, this option raises the concern that staff members of the Ethics Office would have access to their colleagues' confidential financial information. Should the confidentiality of the disclosed information be compromised, aggrieved staff members may seek potential recourse to the internal justice system of the Organization, thus exposing it to incurring additional costs in addressing such claims.

76. Under the hybrid review option, the review function would be jointly carried out by both external and internal reviewers. While the external reviewer would focus on financial information disclosed by a staff member filing a statement, the internal reviewer would review outside activities, affiliations and interests that had been disclosed. In terms of advantages, expertise in financial matters and United Nations organizational knowledge on the parts of the external and internal reviewers respectively would be combined into one system. This option, however, has the potential for an internal reviewer to see a staff member's private information, raising confidentiality concerns, which may expose the Organization to the additional costs associated with staff members seeking recourse to the internal justice system if the confidentiality of the disclosed information is compromised.

B. The information technology platform

77. As the information technology platform of the financial disclosure programme is the medium relied upon by staff members filing statements to transmit confidential and private information, any breach in the system would result in a loss of confidence by users, exposure to litigation by those filing statements and risk the continuation of the programme. The security features of the platform are therefore vital to ensure the trust and confidence of those filing statements.

78. Although the security, reliability and confidentiality of the financial disclosure programme data is critical to its success, numerous concerns and challenges relating to the current information technology platform were identified by the advisory group. These include, inter alia, limited system capacity, long-term stability and data security. While the current platform was originally designed to handle information from approximately 1,700 staff members filing statements, this number has increased dramatically from 1,704 in 2006 to 4,065 in 2010. With the expanding population of staff members filing statements, the platform has experienced increased technical problems and outages. While the current platform has been periodically enhanced, its reliance on older technology raises concerns about its long-term stability and viability.

79. As the current information technology platform was designed for a single reviewer process (such as the internal or external options), it does not possess the capacity to support a hybrid review arrangement, which would require simultaneous review streams. Similarly, the current platform does not provide adequate support for tracking review audits and monitoring compliance, which are key components of financial disclosure programme activities. In addition, the current platform does not allow the Ethics Office to monitor the overall financial disclosure review process, or provide an effective reporting mechanism for use by the Office. The advisory group confirmed that the platform should continue to be outsourced to an external system administrator (vendor) in response to concerns raised by Member States and staff regarding the preservation of data confidentiality and security. Accordingly, it identified three options to address the challenges facing the current information technology platform as summarized below.

80. As a first option, a new information technology platform would offer the opportunity to leverage newer technologies in order to better perform administrative functions and to respond to greater capacity requirements. A new platform would also offer greater assurance in terms of data security, reliability and flexibility. This

option would, however, entail higher costs for the Organization due to initial development costs.

81. While the options of minimum and medium-level upgrades to the current information technology platform would enhance its performance and stability for the short- and medium-term respectively, long-term concerns such as system stability and viability would remain, particularly in view of the expanding population of staff members filing statements.

82. In its report the advisory group noted that the cost of developing a new system that ensures long-term viability and robust data security would initially be higher than upgrading the current information technology platform, due to initial development costs. However, it also noted that the consequences of a potential breakdown of the existing system could entail far greater costs.

83. Following the thorough review and assessment by the advisory group of proposed future arrangements for the financial disclosure programme in relation to both the review function and the information technology platform, the external review option and the creation of a new platform are recommended to the General Assembly. The external review option is considered the most effective for managing conflicts of interest, while ensuring the confidentiality of information disclosed. A new information technology platform will enhance programme effectiveness and capacity while ensuring robust data protection.

VI. Resource requirements for a new information technology platform

84. For the reasons set out in paragraphs 77 to 83 above, the Secretary-General recommends that the General Assembly consider a new information technology platform for the financial disclosure programme. The total resource requirement for such a system amounts to $597,400, which would provide for the design, development, integration and implementation of the platform.[2] Of this resource requirement, one third, or approximately $199,100, would be met from funds received in reimbursement for services provided to various funds and programmes. The Secretary-General recommends that the remaining required resources in the amount of $398,300 be considered in the context of the proposed programme budget for the biennium 2012-2013 as additional requirements besides those requested in the proposed programme budget for the biennium 2012-2013 (A/66/6).

VII. Conclusions and recommendations

85. Noting significant developments in all of its mandated areas of responsibility, the Ethics Office continues to strengthen its role in facilitating a culture of ethics, integrity, accountability and trust within the United Nations. Central to this has been the increased consultative dialogue the Office has held with both staff and management. Through its outreach activities, the Office has widened engagement on

[2] The project team would consist of a project manager working for 11 weeks, a business analyst working for 19 weeks, a senior programmer working for 27 weeks and a junior programmer working for 21 weeks.

issues pertaining to ethical norms and conduct, as evidenced by the significant increase in requests for its advisory services.

86. The Ethics Office continues to increase awareness of its ethics services via broadened outreach initiatives in pursuit of preventing, mitigating and managing ethical and reputational risk within the Organization. The Office will continue its efforts to promote ethical decision-making through both strengthening and increasing the number of ethics-related training programmes provided to staff and management, and will seek to promote confidence in the policy of protection against retaliation of the Organization through awareness-raising and the continued timely provision of quality complaint reviews. Through the Ethics Committee and through advisory support provided to senior organizational management, the Office will continue to provide functional leadership on ethics throughout the United Nations system in order to promote coherence and greater system-wide efficiency.

87. **To ensure the long-term performance and stability of the United Nations financial disclosure programme, the Secretary-General recommends that the existing external review arrangement for the financial disclosure programme be maintained. The current arrangement is considered effective in managing conflicts of interest, while further bolstering protection of the confidentiality of the information disclosed and keeping programme costs under control. The Secretary-General also recommends the creation of a new information technology platform for the programme to allow for the leveraging of newer technologies, thereby enhancing system capacity and programme performance and ensuring robust data security protection.**

88. **The General Assembly is requested to approve the recommendations set out above and to appropriate an amount of $398,300 under section 1, Overall policy-making, direction and coordination.**

Annex

2010 Financial disclosure programme compliance level

United Nations entity	*Required filers*	*Completed filings*	*Non-compliant(s)*
United Nations Secretariat			
United Nations Chief Executives Board for Coordination	2	2	0
Counter-Terrorism Committee Executive Directorate	3	3	0
Department for General Assembly and Conference Management	28	28	0
Department of Economic and Social Affairs	60	60	0
Department of Management	231	230	1
Department of Political Affairs, including special political missions	216	211	5
Department of Public Information	27	27	0
Department of Safety and Security	9	9	0
Economic and Social Commission for Asia and the Pacific	44	43	1
Economic and Social Commission for Western Asia	23	22	1
Economic Commission for Africa	92	91	1
Economic Commission for Europe	10	10	0
Economic Commission for Latin America and the Caribbean	45	45	0
Ethics Office	11	11	0
Executive Office of the Secretary-General	17	17	0
Office for Disarmament Affairs	8	8	0
Office for the Coordination of Humanitarian Affairs	18	17	1
Office of Administration of Justice	2	2	0
Office of Information and Communications Technology	17	17	0
Office of Internal Oversight Services	15	15	0
Office of Legal Affairs	21	21	0
Office of the Special Representative of the Secretary-General for Children and Armed Conflict	1	1	0
Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict	1	1	0
Office of the United Nations High Commissioner for Human Rights	19	19	0
Office of the Ombudsman and Mediation Services	2	2	0
Office of the President of the General Assembly	4	2	2
Office of the Special Adviser on Africa	3	3	0
Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States	3	3	0
Peacebuilding Support Office	5	5	0

United Nations entity	*Required filers*	*Completed filings*	*Non-compliant(s)*
Regional commissions New York office	1	1	0
United Nations Joint Staff Pension Fund	58	58	0
United Nations Office at Geneva	84	84	0
United Nations Office at Nairobi	35	35	0
United Nations Office at Vienna	24	24	0
United Nations Office on Drugs and Crime	88	88	0
Research and training institutes	10	10	0
International tribunals and verification commissions	123	122	1
Subtotal (excluding peacekeeping operations)	1 360	1 347	13
Peacekeeping operations	1 614	1 605	9
United Nations bodies/agencies and others	1 091	1 079	12
Total	**4 065**	**4 031**	**34**